

C-PACER Fact Sheet for Nashville and Davidson County

What is C-PACER?

Commercial Property Assessed Clean Energy and Resiliency (C-PACER) is a financing approach that allows owners of commercial properties to seek long-term financing from private lenders for clean energy and resiliency improvements. Participating property owners repay the financing through voluntary special assessments placed on their properties, which are billed and collected as part of their annual property tax bills and then remitted to the private lender. Eligible improvements include measures that support energy efficiency, renewable energy generation, water conservation, and strengthening facilities from incurring physical damage. C-PACER does not affect the tax bills of property owners not participating in the program.

What are the benefits of C-PACER?

C-PACER provides multiple benefits to municipalities, building owners, developers, and individual residents. This includes environmental benefits, cost savings, local jobs, and high-performing building stock that result in a stronger and healthier community. Consider the following ways C-PACER programs can provide benefits.



Reducing energy consumption means fewer environmental impacts with property operation.

11 million metric tons of carbon avoided and 36 billion kilowatt-hours energy saved nationally since the inception of PACER funding¹



Efficient buildings cost less to heat, cool, and operate. This results in cost savings for properties and redirection of resources to other needs.

~20% return on investment for energy efficiency upgrades²



Higher performing properties results in increased value of commercial building stock.

Buildings with energy-efficient improvements have an average **16.5%** sale price premium and **3-6%** rental premium³



Qualified improvements can result in creation of local jobs.

42,000 job-years have been added as a result of C-PACER improvements across the country⁴



C-PACER programs are proven to spur investment in sustainable and resilient improvements to buildings across the nation

More than **37** States have C-PACER enabling legislation resulting in more than **\$3.4 billion** in green project financing⁵

¹ Savings inclusive of impacts of commercial and residential PACER funding. PACE Nation, <https://www.pacenation.org/pacenation-releases-a-pace-enabled-world-a-new-resource-detailing-the-economic-environmental-and-resilience-benefits-of-pace-financing/>.

² American Council for an Energy Efficient Economy, <https://www.aceee.org/sites/default/files/halfway-there-0919.pdf>.

³ Eichholtz et al (2010). Doing Well by Doing Good? Green Office Buildings, The American Economic Review, Vol. 100, No. 5, <https://www.jstor.org/stable/41038771>.

⁴ PACE Nation, <https://www.pacenation.org/pace-market-data/>.

⁵ *Ibid.*

What types of improvements can be financed with C-PACER?

Qualified improvements for Nashville's program must be permanent and affixed to the real property and meet at least one of the following proposed criteria:

- **Energy Efficiency Improvement:** Decrease energy consumption and demand through the use of efficiency technologies, products, or activities that reduce or support the reduction of energy consumption or allow for the reduction in demand and reduce greenhouse gas emissions
- **Renewable Energy Improvement:** Support the production of clean, renewable energy, including but not limited to a product, device, or interacting group of products or devices on the customer's side of the meter that generates electricity, provides thermal energy, or regulates temperature
- **Water Efficiency Improvement:** Decrease water consumption and demand and address safe drinking water through the use of efficiency technologies, products, or activities that reduce or support the reduction of water consumption, or allow for the reduction in demand
- **Safe Drinking Water Improvement:** Reduce or eliminate lead from water which may be used for drinking or cooking
- **Resiliency Improvement:** Increase water and wastewater resilience, including through storm retrofits, flood mitigation, and stormwater management, or wind resistance, energy storage, microgrids, and other resilience projects approved by the local government
- **Seismic Improvement:** Increase seismic resilience of new or existing buildings by making improvements necessary to comply with seismic provisions of the locally adopted technical building codes

How does a C-PACER program help Nashville achieve its sustainability goals?

C-PACER programs encourage a decrease in energy and water usage and corresponding costs, and further realize associated environmental, economic, and social co-benefits. The 2021 Report to the Mayor on the Metropolitan Government's Climate Change Mitigation Action Plan recommended that Nashville pursue adoption of a local C-PACER program to unlock financing tools that support sustainability and resilience within Nashville and Davidson County's built infrastructure. Increasing the operational efficiency of our building stock is also a critical strategy for helping the city reach its community targets of reducing greenhouse gas emissions by eighty percent (80%) by 2050.

How is C-PACER financing different from commercial loans?

Unlike commercial loans, C-PACER financing is secured by a local government lien and it has a long-term and fixed-rate, which allow the property owner to receive more advantageous financing terms to make annual payments more affordable. In addition, C-PACER improves the property and thus the loan is transferred upon sale to a new owner.

Who will administer Nashville's C-PACER program?

It is proposed that the Metropolitan Trustee will administer Nashville's program. The office will coordinate with private lenders, the Metropolitan Assessor of Property, the Department of Finance, and other stakeholders to ensure that the C-PACER voluntary special assessment is correctly billed, collected, and disbursed per the financing agreement. Billing, collection and enforcement of delinquent C-PACER Liens or C-PACER financing installment payments will be handled by Metro using the same process that it uses for collecting ad valorem property taxes.

Does the C-PACER program involve commitment of Metro funding?

No. While the Metropolitan Trustee is proposed as administering Nashville's program, Metro government does not have any responsibility for C-PACER financing, other than imposition of the C-PACER voluntary special assessment per the financing agreement and the collection and remittance of the financing installment payments.

Per state enabling statute, Metro government has the ability to assess a fee associated with program administration. Metro, as compensation for time and costs incurred in the establishment of the C-PACER Program as well as for reviewing a Project Application for completeness and executing the Assessment Agreement and C-PACER lien, is proposing a fee equal to 1% of the amount financed by the property owner, not to exceed \$50,000. The property owner must pay this fee to Metro, and such payment is a condition precedent to recording. The Metropolitan Trustee will invoice such payment separately to the applicant (property owner).

If a property has a C-PACER lien and they don't pay all taxes, what happens? What protections does Metro have as part of this program?

Metro's right to enforce and collect its property taxes is unaffected by the enactment of a C-PACER program. Property owners with C-PACER special assessments are still required to annually pay their property taxes when due. If they do not, Metro can file a delinquent tax lawsuit, as it normally would, to have the property sold to collect the past-due tax debt. The tax sale purchaser who becomes the new owner would then be responsible for paying future property taxes on the property and any remaining C-PACER special assessments owed under the financing agreement. *Additionally, the C-PACER assessment contract between Metro and the property owner will require that payments received by the Metropolitan Trustee will first be applied to any property taxes (or other non-C-PACER assessments) owed at the time of such payment before any payments are sent to the C-PACER lender.*

Is there significant demand for a C-PACER program in Nashville?

Developers and lenders within Nashville and Davidson County have expressed interest in establishing a local C-PACER program. Additionally, at this time, Metro is aware of at least 3 current projects that are interested in using C-PACER financing. Cities of similar size to Nashville typically see fewer than 10 C-PACER project applications each year.

What are the next steps in establishing Metro's C-PACER program?

Metro has introduced an intent resolution and will hold a public hearing on the C-PACER program on October 4 at 6:30 p.m. in the Metro Council Chambers, Historic Metro Courthouse, 1 Public Square, 2nd Floor, Nashville, Tennessee 37201. Metro will develop a C-PACER program guidebook and associated application and governance materials. The official program structure outlined in the guidebook will be introduced as an ordinance. The C-PACER program must be approved by Metro Council prior to its adoption.

Looking for more information? Check out these resources.

- [C-PACE Fact Sheet for State and Local Governments](#)
- [C-PACE Financing and the Special Assessment Process: Understanding Roles and Managing Risks for Local Governments](#)
- [C-PACE Alliance](#)
- [PACENation](#)